



Department of Energy

Washington, DC 20585

October 22, 2001

MEMORANDUM FOR HEADS OF CONTRACTING ACTIVITIES

FROM: RICHARD H. HOPF 
DIRECTOR, OFFICE OF PROCUREMENT
AND ASSISTANCE MANAGEMENT

SUBJECT: PERFORMANCE-BASED CONTRACTS: DIRECTIVES REVIEW

The Office of Procurement and Assistance Management has been asked to coordinate a review of Department of Energy (DOE) Orders that are applicable to major site and facility management contracts to determine whether opportunities exist to further reduce the level of government "process" direction in performance-based contracts. The purpose of the memorandum is to solicit your assistance and recommendations as part of our review process.

As you know, the Department has applied the concepts and techniques of performance-based service contracting to its management and operating (as well as management and integrating and other services) contracts over recent years. This contracting approach provides that our contracts should define outcomes/outputs/results to be achieved, not the processes, methods, or approaches by which they will be achieved. Financial and/or other performance incentives should be linked to the accomplishment of those outcomes, and quality assurance plans should monitor and validate performance achievement. The underlying philosophy is that our contractors are generally selected for their expertise in accomplishing specific work activities, and the government, in general, should contract for what is to be accomplished, not how the work should be done. Although the Department has made much progress in the application of these concepts to its major contracts, it is necessary to continuously improve our application.

The assessment that we are undertaking is aimed at identifying requirements, standards, and process approaches which are unnecessary, inappropriate, duplicative, outdated, overly prescriptive or proscriptive, or otherwise inconsistent with Government-wide contracting concepts. We also intend to consider variations in the applicability of contractor requirements, standards, and processes to the various types of facility management contracts. To accomplish this task we have identified those DOE Directives which currently contain Contractor Requirements Documents. Review teams are being formed to assess the existing requirements documents on an expedited basis and determine whether requirements may be eliminated or modified. Conclusions from the assessment will be presented to a senior management panel for consideration.



To accomplish this task, we would like your assistance. Attached is a list of 70+ Directives which will be reviewed as part of this assessment. We would appreciate any comments and recommendations that you may have, including your observations on the criticality of the requirement and its appropriate applicability. Electronic copies of the Directives can be viewed at the Department's web site <http://www.ma.doe.gov/> under Resources. Your responses should be provided no later than November 12, 2001 and should be submitted to Gwendolyn S. Cowan, Director, Office of Procurement and Assistance Policy via e-mail at gwendolyn.cowan@pr.doe.gov, or by fax number at 202-586-0545.

Attachment

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